FACA meeting
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Background slides - DRAFT

Building on Congress Resolution C19/2008 :

Creating a UPU Consultative Committee 'Revenue Protection Project Group'

JP Ducasse
Director, Global Government Affairs, Pitney Bowes
jean-philippe.ducasse@pb.com
(203) 351 75 88

Summary

- Building on several Congress resolutions and several programs of the UPU Strategy (NPS), Consultative Committee (CC) members would like to create a "**CC Revenue Protection Working Group**."

- Postal operators from developing countries surveyed in Geneva experience leakage of postal revenues, and expressed interest in a joint working group with the private sector.

- The working group would assess the needs of the posts, review existing technologies, develop common technical specifications responding to these needs, and help with the implementation of technologies (pilot tests, external funding).

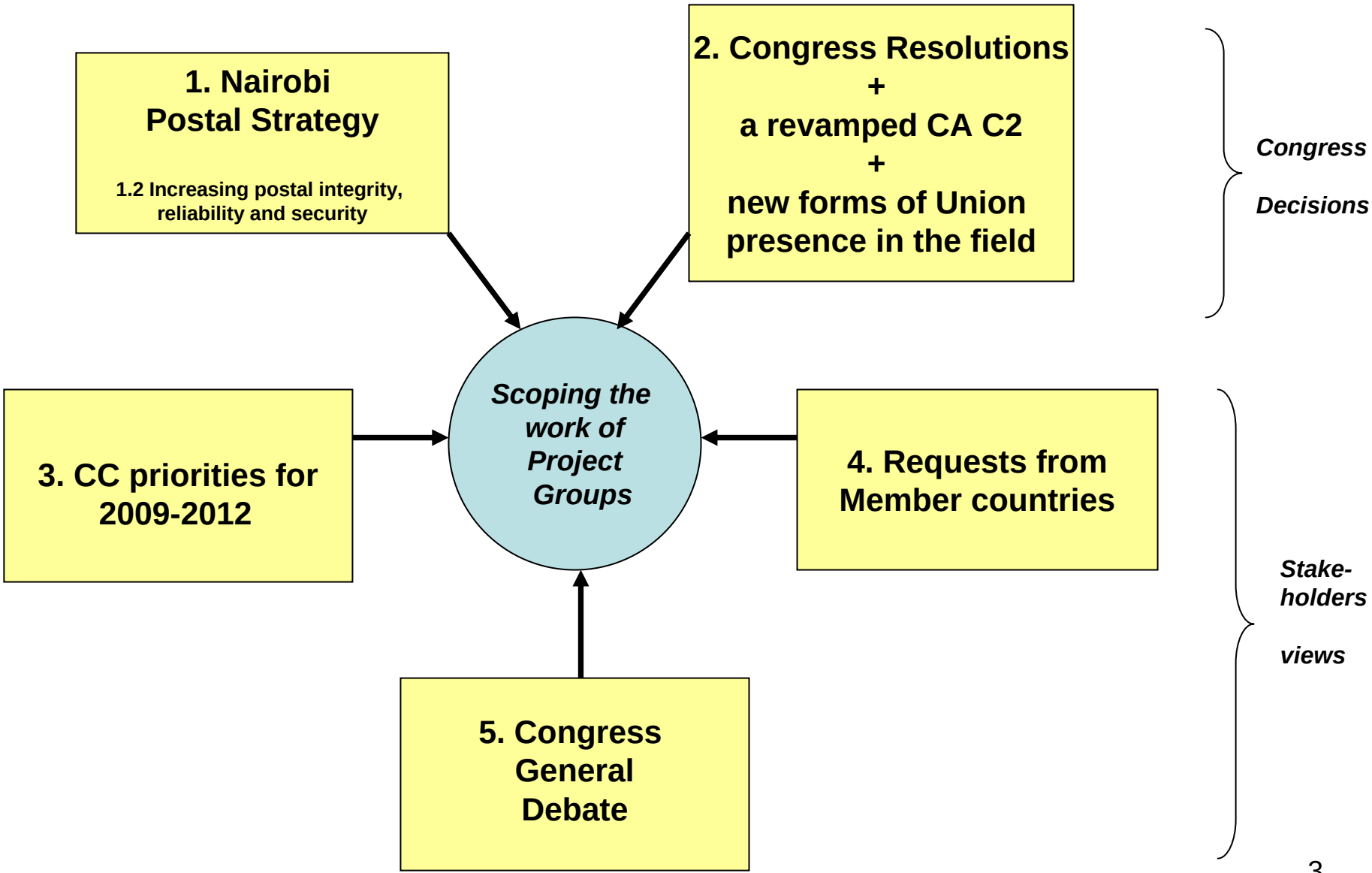
- The working group would be attached to the CC, and liaise with groups overseeing the UPU development cooperation (CA C2), technology policies (POC C4), Postal Security, and regional postal unions .

- PostCom is currently reaching out to interested postal and private sector stakeholders worldwide, with a view to presenting a draft project proposal to the CC Plenary in early November.

Project would directly contribute to one of the U.S. strategic objectives for the UPU from 2009 to 2012 : to foster further integration of private-sector organizations into the work of UPU bodies.

Any comments or suggestions from U.S. stakeholders will be much appreciated.

The UPU starts this new cycle with a clear blueprint for action



Congress resolutions also suggest new work areas

C 19 / 2008

Congress,

- (…) Recognizing that a wide range of technologies that **facilitate access to the postal network, protect revenue collection, optimize postal operations and reduce the cost of processing mail** are currently available and are being continuously improved,

- *Instructs* the Postal Operations Council and the Council of Administration, when implementing the UPU cooperation policy :
  - to encourage their members, and in particular those from the least developed countries, to avail themselves of cost-effective, affordable technologies that **preserve the postal network, facilitate the secure collection of revenues, and enhance the value of postal services**;
  - to seek as needed the advice and expertise of the members of the **Consultative Committee** and member countries in the formulation and evaluation of development cooperation projects for the ultimate benefit of Posts and users/customers (…)

C xx / 2008

Congress,

- [Urges governments to encourage posts to increase the use of ICTs] " for the **modernization of postal processes, for example, counter automation systems, automated sorting and mailing machines, computer systems** for Enterprise resources planning, Management Information Systems, and general administration.

BPCS study : Posts have a revenue protection problem. They would like to work with the UPU to help understand it and fix it.

- Consultant Stan Kozlowski from BPCS (a department of Royal Mail International) interviewed senior executives from 22 postal operators at the UPU Congress in Geneva
- Most posts expressed a **high level of interest for a UPU project** on revenue protection
- **Most posts have a "revenue protection" problem** even if they can't measure leakages
- One size won't fit all countries : Revenue protection needs differ across countries, from ***retail counter automation to secure counting/billing of bulk mail to funds management/accounting solutions***.
- Equipment is not all : posts also insist on the need for training and exchange of best practices
- Due to lack of resources posts are open to discussions regarding **innovative business models**
- Most Posts would welcome a **regional approach to the development of common regional specifications**.
- The issue is **not addressed elsewhere in the UPU**.

<u>Example of a successful revenue protection solution</u> :

Nine Caribbean Posts recently agreed on common specifications for new postage indicia; this allowed the deployment of digital franking machines and the implementation of secure postage payment solutions (postage by phone).

Those new areas are also listed in the CC's draft action plan '09-'12 : e.g., security/integrity, sustainable USO, environment…

CC objectives for 2009-2012 (as reported to Congress) include security/integrity of mail and technical assistance

- "CC attitude to priorities is that there is a high level of agreement that the UPU should put more emphasis on developing **network interoperability, including standards, quality of service measures, security/integrity of mail, technical assistance**, and fostering cooperation and interaction among all postal sector players"

- Members also wanted the CC to play a direct role in "new" areas, such as assistance to postal reform; environment and sustainable development and universal postal service, postal security (in the broad sense of the term)

General Debate : Idea of a Partnership for Postage Revenue Protection

- Pitney Bowes CEO, M. Martin, proposed that the UPU start a "**Partnership for Postage Revenue Protection**" to help the posts that have a low density of mail per capita to **create solutions to curb revenue leakage.**

<u>Proposed definition of Revenue Protection</u>: *a cost-effective combination of products, applications and processes allowing the timely, accurate and secure collection, processing, management and accounting of postage revenues. These solutions increase the integrity, the reliability and the security of postal services. By reducing leakage of postage revenues, they help improve the long-term sustainability of the posts, and their ability to fulfill their universal service obligations.*

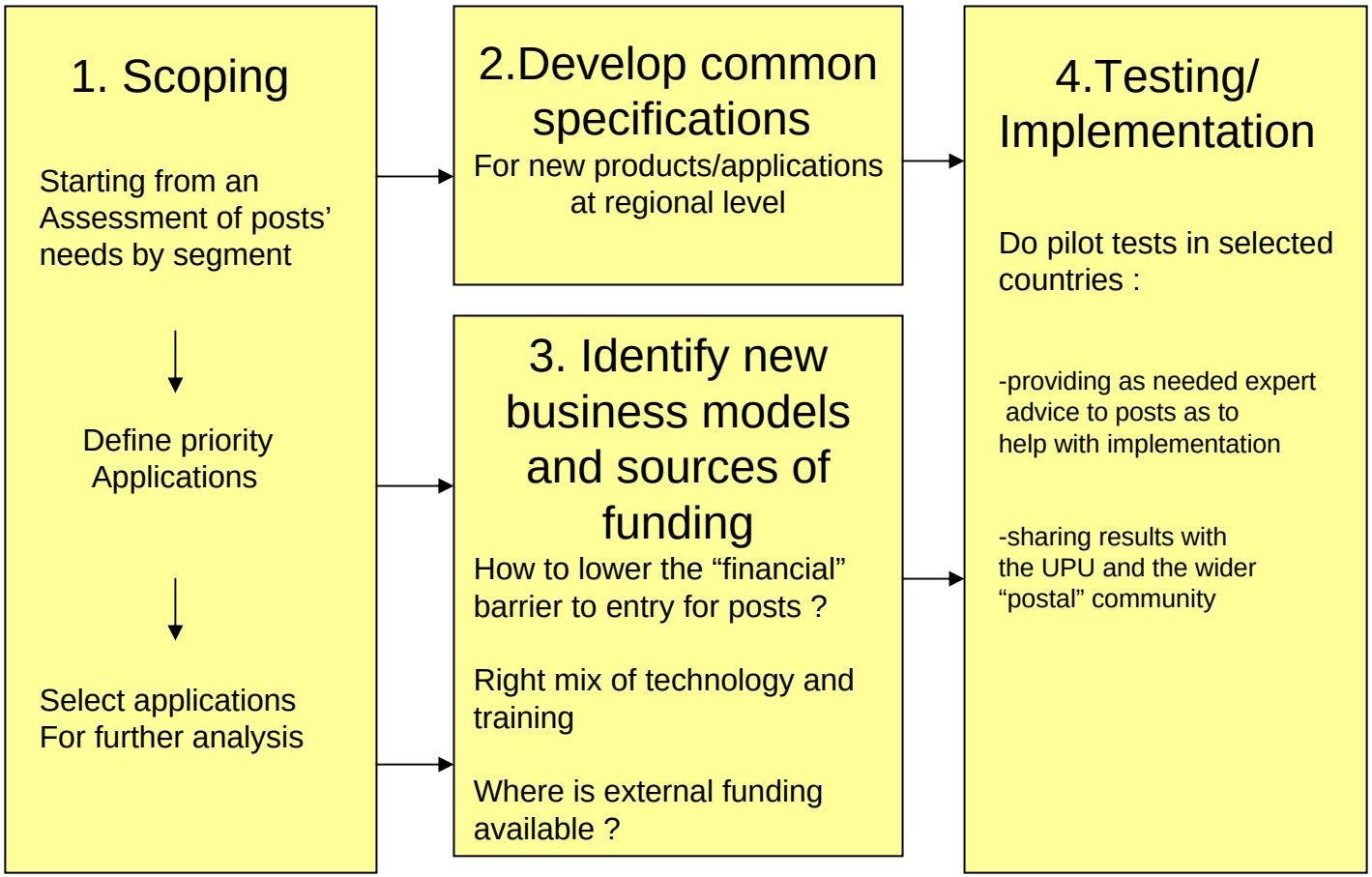
What value would a UPU Revenue protection group add ?

PROBLEMS TO SOLVE	*HOW CAN A UPU CC WG HELP ?*
• Low awareness or understanding of the benefits of processes and technologies that help posts fight postage revenue leakage along the value chain in particular in developing and least developed countries.	• Better assess, from a technical standpoint, the needs of the posts.
• Lack of the appropriate environment (IT / accounting / induction processes) and investment resources in DC and LDC.	• Select “most wanted” applications (by region or type of post).
• Absence of suitable and affordable solutions in DC and LDC. Current products and solutions may be too expensive, not suited to country needs, not available off the shelf, or simply may not be available	• Have posts and private sector work together to define the minimum common technical specifications meeting those needs.
• Individual markets often too small to justify specific R&D, business development, or marketing efforts on the part of private firms.	• Launch pilot tests in selected countries. • Disseminate best practices in deployment of technology and training. • Make it easier for posts to seek external funding from funding agencies

What would the Project Group do ?

- **Joint group would involve posts (members of the CA, POC or CC) and private sector members of the CC**

- **Start with a small number of participants, then engage regional postal unions**



PROPOSED CC REVENUE PROTECTION PROJECT GROUP (RP PG)

Objective 1 NPS: Objective 1 Improving interoperability, quality and efficiency of the three dimensional postal network in order to keep the sector relevant to market and customer needs

Program 1.2 NPS: Increasing postal integrity, reliability and security

Objective **Help improve the long-term sustainability of the posts, and their ability to fulfill their universal service obligations by developing and help to implement solutions that protect and reduce leakage of postage revenue.**

Objectives	Expected results	Outputs	Performance Indicators	Required resources
Conduct studies to assess and prioritize posts' needs by segment; develop as needed common specifications for new applications; identify funding sources and do pilot tests of existing applications or new prototypes.	Identify, for different types of posts, priority areas of revenue leakage Review existing RP solutions and assess their suitability to posts' needs	Agreed list of priority applications (by type of post/region) List of existing applications meeting country needs vs new applications to be jointly developed	Number of postal operators and private sector stakeholders (through the CC) actively participating in the work, or closely monitoring the progress of the work.	CC to provide project coordination Availability of external funding would speed up project implementation.
	Develop and propose candidate specifications for multi-country application(s)	Set of common specifications	Number of applications chosen for implementation	
	Assess economic feasibility of RP: alternative business models, availability of external funding, need for training	Report recommending alternative workable business models incl. funding	Number and diversity of partners involved; amount of external funds mobilized	
	Disseminate information and best practices about solutions and implementation. Select/engage countries to participate in pilot tests.	Identify countries for implementation of pilot tests	Number of countries participating in pilot tests. Postage revenues "recovered" as a result of project implementation	

Significant external factors:

Lack of revenue protection processes and technologies, willingness of posts and CC private sector members to work together on the topic, availability of external funding resources

What benefits ?

- Private sector companies

An opportunity to :

  - Better understand the requirements of postal operators they don't know well
  - Promote and test new business approaches
  - Work at industry level to develop common specifications
  - Benefit from the UPU reputation and long-term experience with least developed/developing countries

- Postal operators from countries interested in solving revenue protection problems

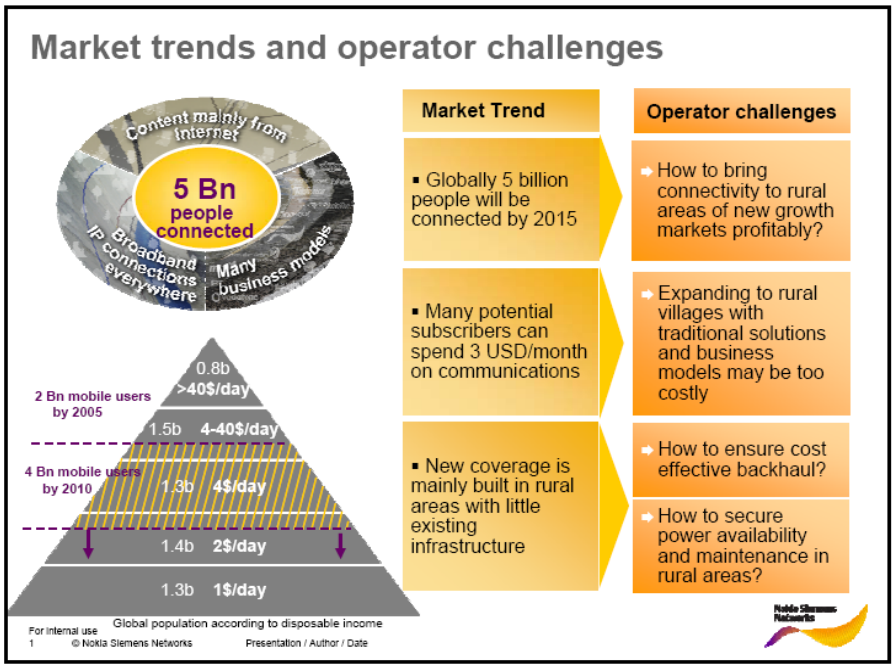
An opportunity to :

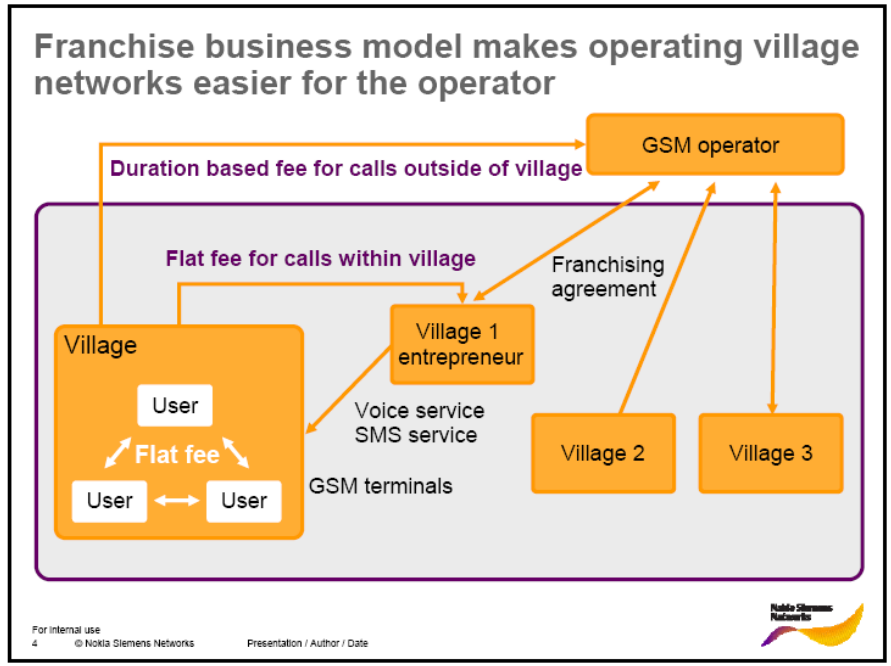
  - Learn from suppliers and other posts about innovative, cost-effective solutions
  - Get the industry to better understand posts' issues with revenue collection
  - Work at industry level to develop common specifications
  - Get expert advice to help with pilot tests and implementation of revenue protection solutions
  - Optimize chances of obtaining external funding wherever available.

Better a small-scale project that works than an over-ambitious one that goes nowhere

The working group would test innovative business approaches akin to what the telecoms sector already does

Nokia Siemens Networks Village Connection



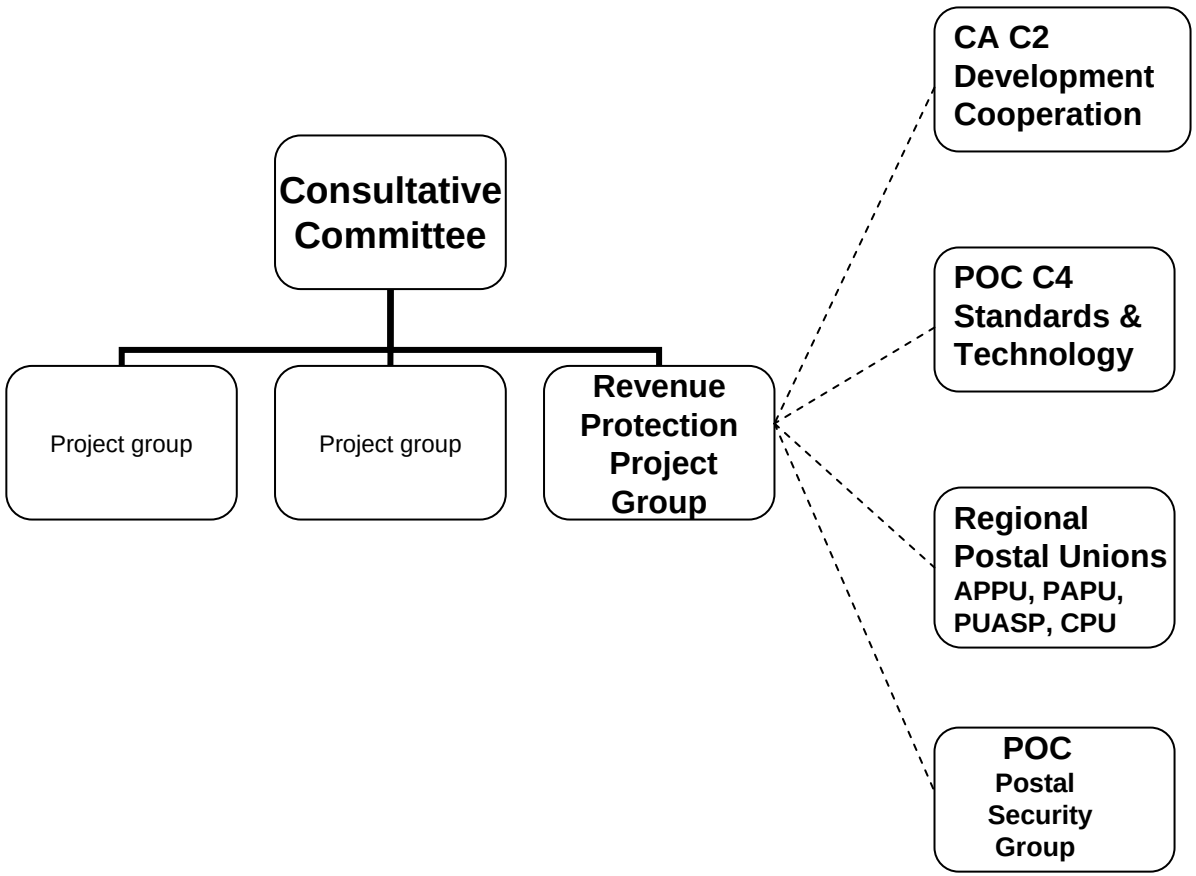


The issue : how to make mobile telephony affordable for people who can spend just $ 2 or $ 3 per month, and at the same time make money…

The solution : A village entrepreneur or a local franchisee owns and manages the village Access Points and interconnects with the GSM operator.

Nokia Siemens is working with the International Telecommunications Union (ITU), a U.N. agency

We will need to liaise with other groups / bodies



CA C2 to create a working group charged with implementation of resolution C19/2008 on private sector involvement in development cooperation

C4 will oversee the UPU action Plan for ICTs

Restricted (regional) postal unions can help with dissemination of technology in UPU regions

PSAG had revenue protection activities a few years back (eg, training)

Next steps

- **Timetable**

  <u>September – November</u> : engage potential project participants around the idea :

  - postal operators, mainly from developing countries and different regions,
  - private companies (through CC member organizations like EICTA, PostCom or Xplor).

  <u>November 2008</u>

  - Presentation to the UPU of a formal request to create a Revenue Protection Project Group (Consultative Committee Plenary).

  <u>End of 2008</u>

  - Members meet to agree objectives, budget and workplan, liaison with other groups
  - First phase of project starts (assessment of needs, review of existing RP applications).

- **Budget**

  - Group needs to be self-sufficient (eg, secretariat/coordination by a group member, not by the IB, English as only working language).